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1 seller are often higher than those passed on to buyers by out-  
2 of-state sellers; and

3 WHEREAS, the lower gross receipts or sales tax rates in  
4 other states often provide an incentive for buyers who reside  
5 in New Mexico to make purchases out-of-state; and

6 WHEREAS, although the imposition of the compensating tax  
7 for the use of tangible personal property acquired out-of-state  
8 is theoretically structured to eliminate some competitive  
9 disadvantage to New Mexico businesses, the New Mexico  
10 legislature enacted a law in 1995 to prohibit the taxation and  
11 revenue department from enforcing the collection of the  
12 compensating tax on purchases made by New Mexico residents for  
13 nonbusiness purposes; and

14 WHEREAS, New Mexico businesses, especially those that  
15 compete directly with out-of-state businesses for limited  
16 markets, suffer reduced revenues as a result of their  
17 competitive disadvantages;

18 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE  
19 STATE OF NEW MEXICO that the taxation and revenue department be  
20 requested to conduct a study of the competitive disadvantages  
21 realized by New Mexico businesses as the result of the state's  
22 gross receipts and compensating tax structure and present a  
23 written report of its findings and recommendations for  
24 elimination of the competitive disadvantages caused by New  
25 Mexico's gross receipts and compensating tax structure to the

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1 appropriate interim committee of the legislature by December  
2 31, 2005; and

3 BE IT FURTHER RESOLVED that duplicate copies of the  
4 taxation and revenue department's report be filed with the  
5 legislative council service library upon presentation of the  
6 report to the appropriate interim committee of the legislature;  
7 and

8 BE IT FURTHER RESOLVED that a copy of this memorial be  
9 transmitted to the secretary of taxation and revenue.

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